BILAL FIBRES LIMITED

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2024

MUSHTAQ & CO.
CHARTERED ACCOUNTANTS

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Independent auditor's report to the members of Bilal Fibres Limited

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of **BILAL FIBRES LIMITED (the Company)**, which comprise the statement of financial position as at June 30, 2024 and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information.

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matters described in Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

a) We did not observe the physical counting of the of stock in trade, property, plant and equipment and right of use assets amounting to Rs. 57.873 million, Rs 319.718 million and Rs. 44.481 million respectively as at June 30, 2024 to verify the existence and valuation. The management informed us that the stocks are pledged with the banking Companies and are under litigation with banks.

b) At the reporting date, the Company has not carried out revaluation of property, plant and equipment note 5 (except for factory equipment, office and electric equipment and furniture and fixture) which was due on June 30, 2022 due to discontinuity of operations. Previous revaluation was carried out on June 28, 2019. Therefore, we are unable to determine whether any adjustments were necessary in this regard.

c) The Company has the policy to value Investment property at fair value in accordance with the requirements of IAS-40 "Investment Property". At the reporting date the company has not determined the fair value of Investment property as stated in the note 7 of these financial statements. Therefore, we are unable to determine whether any adjustments were necessary in this regard.

d) The stocks are carried out in the statement of financial position at Rs. 57.873 million i.e. at cost. Management has not stated the inventories at lower of cost or net realizable value as required by the financial reporting standards as applicable in Pakistan, which constitutes a departure from applicable financial reporting standards. Therefore, we are unable to determine whether any adjustments are necessary in this regard.

e) Management has not provided to us the data and records for verification of other receivables as note in 11 having reported carrying value of Rs. 17.002 million. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we are unable to determine whether any adjustments to these amounts were necessary.

f) Management has not provided to us the data and records for verification of Trade and other payables having reported carrying value of Rs. 45.56 million. We were not able to circulate letters for external confirmations to suppliers because we were not provided with relevant details. We remain unable to verify these balances by applying other alternate audit procedures as the information was not provided to us. Consequently, we are unable to determine whether any adjustments to these amounts are necessary.

g) We have not received the reply of Bank confirmations amounting to Rs. 0.419 million as on reporting date, as shown in note 13 of these financial statements.

h) As explained in note 24 to the financial statements, the company is in litigation with the banking companies. The banks have not confirmed the balances of long term financing, as shown in note 16, amounting to Rs. 493.145 million, liabilities against assets subject to finance lease, as shown in note 18, amounting to Rs.108.306 million and short-term borrowings, as shown in note 23, amounting to Rs.136.365 million.

The banks have not confirmed the balances of accrued mark up on long term financing, liabilities against assets subject to finance lease and short-term borrowings, as shown in note 21, sum of Rs, 97.520 million.

The Company had not worked out and provided the amount of markup on long term borrowings from financial institutions, Liabilities against assets subject to finance lease and short-term borrowings, as shown in note 21, in these financial statements. Due to the unavailability of record, we were unable to determine whether any adjustments were necessary in this regard.

i) As mentioned in note 24 to these financial statements, we have not received reply of confirmation request from banks in respect of bank guarantees amounting to Rs. 8.675 million in aggregate and bank guarantee margin note 10 of these financial statements amounting to Rs. 2.925 million, to verify the correctness of contingency and trade deposits and short-term prepayments. We were also unable to satisfy ourselves as to the correctness of the reported balances by performing other alternate auditing procedures.

j) We did not obtain details for dispatch of direct confirmations to Legal and Tax Advisors. Therefore, we were unable to determine the impact of expected outcome of outstanding litigations as mentioned in note 24 of the financial statements and any tax assessments as on the reporting date. Furthermore, we cannot ascertain the effect and outcome of any undisclosed litigation as on reporting date.

k) The Company is non compliant with section 244 of Companies Act, 2017.

l) The loan from directors and associates amounting to Rs. 128.927 million in note 24 of the financial statements remain unverified in the absence of relevant records, loan agreements and confirmation of balances from directors of the company;

m) At the reporting date the Company has incurred loss for the year Rs. 20.180 million, accumulated losses amounting to Rs. 538.277 million and its current liabilities exceed its current assets by Rs. 927.480 million.

The Company has suspended its operations since June 16, 2016 and has leased out the factory, however during the year 2024 company has nil rental income. Further, financial results show adverse key financial ratios, and the decision of the court cases is still uncertain, whether it will be in favor of the company or otherwise.

The conditions mentioned in points 'a' to 'm' along with adverse key financial ratios, the Company's inability to comply with loan agreements and to pay debts on due dates and discontinuance of operations indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. At present, there is no formal approved business plan for future periods.

These conditions and events indicate material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern as stated in note 2.2 in the financial statements and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. Furthermore, as disclosed in note 2 the management is planning to sell its assets with intended buyer, however, management has not provided us any copy/details of the agreement/arrangement. The Company has not applied IFRS to account for the transaction. In absence of complete information we can not assess the impact of above transaction. Furthermore, the management of the company has prepared these financial statements on going concern basis. Because of the circumstances and events as mentioned herein, in our opinion, the company cannot be considered to be a going concern and thus the preparation of these financial statements on going concern basis is inappropriate. In our opinion the financial statements should reflect adjustments to reduce the value of assets to their recoverable amount and to provide any further liabilities that may arise. These adjustments are likely to be substantial, and in view of further qualifications discussed in paragraphs (a) to (m) above we are unable to determine the quantum of the required adjustments and provisions with a reasonable degree of accuracy.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

Report on Other Legal and Regulatory Requirements

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion to whether:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
b) the statement of financial position, the statement of profit or loss, the other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have not been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) in our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Nouman Arshad, ACA.**

Mushtaq & Co

MUSHTAQ & CO.
Chartered Accountants

Mushtaq & Co. Chartered Accountants

Lahore.
Dated: 05-Oct-2024
UDIN: AR202410724W9nQZqu3x

BILAL FIBRES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

	Note	June 30, 2024 Rupees	June 30, 2023 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	5	319,718,383	336,690,005
Right of use assets	6	44,481,444	46,822,573
Investment Property	7	572,997,757	572,997,757
Long term deposits	8	1,156,180	1,156,180
		938,353,764	**957,666,515**
CURRENT ASSETS			
Stock in trade	9	57,872,747	57,872,747
Trade deposits and short term prepayments	10	2,925,765	2,925,765
Other receivables	11	17,002,975	17,002,975
Sales tax refundable		818,786	818,786
Tax Refunds Due From Government	12	3,515,444	3,515,444
Cash and bank balances	13	440,530	440,530
		82,576,247	**82,576,247**
		1,020,930,011	**1,040,242,762**
SHARE CAPITAL AND RESERVES			
Authorized share capital			
15,000,000 (June 30, 2023: 15,000,000) Ordinary shares of Rs. 10 each	14	**150,000,000**	**150,000,000**
Issued, subscribed and paid up capital			
14,100,000 (June 30, 2023: 14,100,000) Ordinary shares of Rs. 10 each		141,000,000	141,000,000
Accumulated loss		(538,389,793)	(521,558,728)
Surplus on revaluation of property, plant and equipment	15	400,702,213	404,051,436
		3,312,420	**23,492,708**
NON CURRENT LIABILITIES			
Long term financing from Banking Companies - Secured	16	-	-
Long term financing from directors and associates	17	-	-
Liabilities against assets subject to finance lease	18	-	-
Deferred liabilities	19	7,561,010	7,561,010
		7,561,010	**7,561,010**
CURRENT LIABILITIES			
Trade and other payables	20	45,556,036	45,443,036
Unclaimed dividend	42	235,776	235,776
Accrued Interest/Mark up payable	21	97,520,035	97,520,035
Loan from directors and associates	22	128,927,488	128,172,951
Short term borrowings	23	136,365,534	136,365,534
Provision for taxation and levies		-	-
Current portion of:			
Long term financing from Banking Companies	16	493,145,381	493,145,381
Liabilities against assets subject to finance lease	18	108,306,331	108,306,331
		1,010,056,581	**1,009,189,044**
Contingencies and commitments	24	-	-
		1,020,930,011	**1,040,242,762**

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

BILAL FIBRES LIMITED

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
Sales	25	-	-
Cost of sales	26	-	-
Gross loss		-	-
Distribution cost	27	-	-
Administrative expenses	28	(20,180,288)	(24,440,629)
Other operating expenses	29	-	-
Other income	30	-	6,000,000
Finance cost	31	-	(5,025,841)
		(20,180,288)	**(23,466,470)**
Loss before Levies and Income Tax		**(20,180,288)**	**(23,466,470)**
Levies	32	-	-
Loss Before Income Tax		**(20,180,288)**	**(23,466,470)**
Income Tax Expense	33		
Current tax		-	-
Deferred tax		-	-
		-	-
Loss after taxation		**(20,180,288)**	**(23,466,470)**
Loss per share - basic and diluted	34	**(1.43)**	**(1.66)**

The annexed notes form part of these financial statements.

BILAL FIBRES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2024

	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
Loss after taxation	**(20,180,288)**	**(23,466,470)**
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	**(20,180,288)**	**(23,466,470)**

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

BILAL FIBRES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2024

	Share capital	Revenue Reserve	Capital Reserve	Total
		Accumulated loss	Surplus on revaluation of fixed assets	
	(Rupees)			
Balance as on June 30, 2022	**141,000,000**	**(501,564,754)**	**407,523,932**	**46,959,178**
Transfer from surplus on revaluation on account of incremental depreciation - net of tax	-	3,472,496	(3,472,496)	-
Net Profit/(loss) for the year	-	(23,466,470)	-	(23,466,470)
Other comprehensive income for the period	-	-	-	-
Balance as on June 30, 2023	**141,000,000**	**(521,558,728)**	**404,051,436**	**23,492,708**
Transfer from surplus on revaluation on account of incremental depreciation - net of tax	-	3,349,223	(3,349,223)	-
Net Profit/(loss) for the year	-	(20,180,288)	-	(20,180,288)
Other comprehensive income for the period	-	-	-	-
Balance as on June 30, 2024	**141,000,000**	**(538,389,793)**	**400,702,213**	**3,312,420**

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

BILAL FIBRES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2024

	Note	June 30, 2024 (Rupees)	June 30, 2023 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before Levies and Income Tax		(20,180,288)	(23,466,470)
Adjustment for non-cash and other related items:			
Depreciation on operating fixed assets		16,971,622	17,880,903
Depreciation on right of use assets		2,341,129	2,464,346
Notional income /(expense) on interest free loans		-	-
Fair value gain on Investment property		-	-
Finance cost		-	841
Sales tax written off		-	-
Interest on staff retirement benefits		-	-
Cash flow (used in) / generated from operating activities before working capital changes		**(867,537)**	**(3,120,380)**
Effect on cash flow due to working capital changes :			
(Increase) / decrease in current assets:			
Other receivables		-	118,000
Increase / (decrease) in current liabilities:			
Increase in trade and other payables		113,000	2,948,501
Net cash generated from / (used in) working capital		**113,000**	**3,066,501**
Cash (used in) / generated from operations		**(754,537)**	**(53,879)**
Finance cost		-	(841)
Net cash (used in) / generated from operating activities		**(754,537)**	**(54,720)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in short term borrowings - net		-	-
Increase/(decrease) in financing from directors and associates		754,537	50,000
Net cash (used in) financing activities		**754,537**	**50,000**
Net (decrease)/increase in cash and cash equivalents		**-**	**(4,720)**
Cash and cash equivalents at the beginning of the period		440,530	445,250
Cash and cash equivalents at the end of the period		**440,530**	**440,530**

The annexed notes form part of these financial statements.

CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR**

BILAL FIBRES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company is limited by shares, incorporated in Pakistan on April 13, 1987 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017) and the shares of the company are listed on Pakistan Stock Exchange Limited. The principal business of the company is manufacture and sale of yarn. The geographical location and address of the company's business units including plant as follows.

Business Unit	Geographical location and address
Registered office	Plaza No.47,48-B Gate No.1 B Block Elite Town, 29-km Main Ferozepur Road Lahore
Manufacturing Plant	38 KM, Sheikhupura Road, Tehsil Jarranwala, District, Faisalabad

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan, comprise of :

-International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017. and

-Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of directives issued under the Companies Act, 2017 have been followed.

2.2 Going Concern Assumption

The Company has incurred a loss for the year ended June 30, 2024 of Rs. 20.180 million (June 30, 2023: Rs. 23.466 million) and as of that date, reported accumulated loss of Rs. 538.389 million as at June 30, 2024 (June 30, 2023: Rs. 521.559 million) against the issued, subscribed and paid up capital of Rs.141 million (June 30 ,2023: Rs. 141 million). The current liabilities exceeds the current assets by Rs. 927.480 million (June 30, 2023: Rs. 926.613 million). Further the company has not been able to obtain enough fiance to revive its operations. These circumstances give rise to significant uncertainty as to the ability of the company to continue operations as going concern in the foreseeable future. However, these financial statements do not include any adjustment relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the company be unable to continue as a going concern.

Furthermore in order to revive the business of the Company and resume commercial operations, the Company is in the process of finalizing an alternative business operations including IT, Media, ICT or Trading (in view of limited financial resources) which will be presented to the Board and to the shareholders for their respective approvals in due course. In order to formalize the plan, the management is planning to sell its assets with intended buyer, however, formal sale deed shall only be signed once necessary corporate and legal approvals are in place.

2.3 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below:

Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest Rupee, unless otherwise stated.

2.4 Key Judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan, requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the company's accounting policies . The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

-useful lives, residual values and depreciation method of property, plant and equipment [Refer to Note.5].

-Provision for slow moving inventories.

-Obligation of defined benefit plans for employees.

-Estimate of provision for warranty if any.

-Estimate of current and deferred tax.

-Estimate of contingent liabilities.

-Impairment loss of non-financial assets other than inventories.

3 Standards, Interpretations And Amendments To The Approved Accounting Standards

3.1 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2023. However, these do not have any significant impact on the Company's financial statements except as disclosed in note 4 to these financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 1, 2024
IAS 7	Statement of Cash flows (Amendments)	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024
IAS 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 17	Insurance Contracts	January 1, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 1, 2026

3.3 The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements

3.4 Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2024;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRIC 12	Service Concession Arrangement
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

4 Material Accounting Policy Information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property, Plant and equipment

a Owned assets

The Company has adopted revaluation model for its property, plant and equipment, except for factory equipment, office and electric equipment and furniture and fixture. Property, plant and equipment except for capital work-in-progress are stated at cost/revaluation less accumulated depreciation and impairment loss, if any. Freehold land has been transferred to investment property and is stated at fair value.

Depreciation charged on all depreciable assets is charged to statement of profit or loss account on the reducing balance method over its estimated useful life at annual rates mentioned in note of fixed assets after taking into account their residual values. Depreciation on additions is charged from the month in which asset is available for use and on disposal before the month of disposal. Residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Subsequent costs including major renewals and improvements are included in the carrying amount of the asset or are recognized as separate asset as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the company and cost can be measured reliably. The carrying amount of the replaced part is derecognized at the time of replacement. Normal repair and maintenance and day to day servicing are charged to the statement of profit or loss as incurred.

The depreciation methods, useful lives and residual values of items of property, plant and equipment are reviewed periodically and altered if circumstances or expectations have changed significantly. Any change or adjustment in depreciation method, useful lives and residual values is accounted for as a change in accounting estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and is applied prospectively in the financial statements by adjusting the depreciation charge for the period in which the amendment or change has been made and for future periods. Disposal of an item of property, plant and equipment is recognized when significant risk and rewards, incidental to the ownership of that asset, have been transferred to the buyer. Gain and loss on disposal is determined by comparing the carrying amount of that asset with the sales proceed and is recognized within 'other income / other operating expenses' in the statement of profit or loss.

b Leased Assets

At the inception of a contract, the company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options. Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company. The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate. Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right of-use assets are depreciated on reducing balance method. The carrying amount of the right of use asset is also reduced by impairment losses if any. At transition, the the company recognizes right to use assets equal to the present value of lease payments. Payments associated with short term leases and leases of low value assets are recognized on a straight line basis as an expense in profit or loss. Short term leases are leases with a lease term of less than 12 Months.

4.2 Capital Work In Progress

Capital work in progress is stated at cost less any impairment loss.

4.3 Stock In Trade

Stock In trade have been stated at cost. Raw material in hand is measured at weighted average cost and raw material in transit is measured at cost comprising invoice value plus other charges incurred thereon.

4.4 Stores, Spares and Loose tools

Stores, spares and loose tools are stated at lower of cost and net realizable value. The cost of inventory is based on weighted average cost. Items in transit are stated at cost accumulated up to the reporting date. The company reviews the carrying amounts of stores, spares and loose tools on an on-going basis and provision is made for obsolescence if there is any change in usage.

4.5 Taxation

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after considering, the average effective rate of tax / enacted tax rate.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carried forward unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at enacted tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Levy

Tax charged under Income Tax Ordinance, 2001 which is not based on taxable income or any amount paid / payable in excess of the calculation based on taxable income or any minimum tax which is not adjustable against future income tax liability is classified as levy in the statement of profit or loss and other comprehensive income as these levies fall under the scope of IFRIC 21/IAS 37.

4.6 Trade debts and other receivables

Trade debts and other receivables are classified as financial assets at amortized cost according to IFRS 9. Under IAS 39, trade and other receivables were previously classified as loans and receivables. Trade debts are initially recognized at original invoice amount which is the fair value of the consideration to be received in future and subsequently measured at cost less provision for doubtful debts. The Company uses simplified approach for measuring the expected credit losses for all trade and other receivables including contract assets based on lifetime expected credit losses. The Company estimates the credit losses using a provision matrix, where trade receivables are grouped based on different customer attributes along with historical, current and forward looking assumptions. Bad debts are written off with the approval of board of directors when identified.

4.7 Cash and Cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position. For the purpose of cash flow statement cash and cash equivalent consists of cash in hand and balances with banks.

4.8 Trade and other Payables

Liabilities for trade and other payables are carried at their amortized cost, which approximate fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.9 Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value less directly attributable transactions costs, if any, and subsequently measured at amortized cost using effective interest method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de- recognition of original liability and recognition of a new liability and the difference in respective carrying amounts is recognized in the statement of profit or loss.

4.10 Financial assets

The details of new accounting policies after the application of IFRS 9 is as follows. The new IFRS effectively eliminated loans and receivables category of the previous IAS 39.

4.10.1 Classification

Financial assets are classified, into following categories: financial assets at amortized cost, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as per the requirements of IFRS-9. The financial assets are classified at initial recognition based on the business model used for managing the financial assets and contractual terms of the cash flows.

a Financial assets at amortized cost

A financial asset shall be classified as financial asset at amortized cost if both of the following conditions are met:

-the assets held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

-Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b Financial assets at fair value through other comprehensive income

Debt instruments where contractual cash flows are solely payments of principal and interest and the objective of the company is achieved by both collecting cash flows and selling the financial assets.

Equity investments that are not held for trading and the company made an irrevocable election at initial recognition to measure it at fair value with only dividend income recognized in profit or loss.

c Financial assets at fair value through Profit or loss

Financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive Income.

A debt instrument can be classified as financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring from measuring assets or liabilities or recognizing the gains or losses on them on different basis.

4.10.2 Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. After initial recognition, financial assets are measured at amortized cost. Gains or losses arising from changes in fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within 'other income / other operating expenses' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of profit or loss as part of 'other income' when the Company's right to receive payments is established. Gains or losses arising from changes in fair value of the 'financial assets at fair value through other comprehensive income' category are recognized in other comprehensive income with only dividend income recognized in profit or loss. The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in the statement of profit or loss. Impairment losses recognized in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss.

4.11 Offsetting of financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on allies the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business.

4.12 Derivatives, financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, if so, the nature of the item being hedged. The Company designates certain derivatives as either fair value hedge or cash flow hedge.

a Fair Value Hedge

A hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment or a component of any such item that is attributable to a particular risk and could affect profit or loss.

b Cash Flow Hedge

A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction and could affect profit or loss.

4.13 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset.

4.14 Provision

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

4.15 Foreign currency Transactions

Transactions in foreign currencies are accounted for in Pakistan rupees at monthly average rates. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the reporting date. Exchange gain or losses are charged to profit or loss account.

4.16 Impairment of Non-Financial assets

Non-financial assets are reviewed at each reporting date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Reversal of impairment loss is restricted to the original cost of the asset.

4.17 Revenue Recognition

The company is involved in manufacturing and sale of yarn. According to the core principles of IFRS-15, the company recognizes the revenue from sale of yarn when the company satisfies a performance obligation (at a point of time) by transferring promised goods to customers being when the goods are dispatched to customers. Revenue is measured at fair value of the consideration received or receivable and is reduced for allowances such as taxes, duties, commission, sales returns and discounts.

Income from different sources other than above is recognized on the following basis:
-Interest income is recognized on accrual basis.
-Dividend income is recognized when the right to receive payment is established.
-Rental income is recognized in the profit or loss on a straight-line basis over the lease term.

Unrealized gains / (losses) arising on revaluation of securities classified as 'fair value through other comprehensive income' are included in other comprehensive income in the period in which they arise.

Unrealized gains / (losses) arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which they arise.

4.18 Related Party Transactions

The company enters into transactions with related parties on arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the board of directors it is in the interest of the company to do so.

4.19 Staff Retirement Benefits

The company has adopted IAS 19, (Revised) "Employee Benefits". The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

The company had operated an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

There was only four employee entitled for gratuity, therefore the management believed that it is unreasonable to conduct actuarial valuation as required by IAS 19 "(Revised) Employee Benefits".

4.20 Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

4.21 Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.22 Investment property

Properties comprising leasehold land and building which are not occupied by the Company and are held for capital appreciation or to earn rental income are classified as investment property in accordance with the requirements of International Accounting Standard (IAS)-40 'Investment Property'. These properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties will be carried out with sufficient regularity.

4.23 Dividend and appropriations

Dividend is recognized as liability in period in which it is declared. Appropriations of profit are reflected in the statement of changes in equity in the period in which appropriations are approved.

4.24 Earning per Share

The company presents earning per share data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

5 Property, Plant and Equipment

5.1 Operating Fixed Assets

PARTICULARS	2024							
	COST				DEPRECIATION			WDV
	As at July 01, 2023	Additions-(Disposal)	As at June 30, 2024	Rate %	As at July 01, 2023	For the Period	As at June 30, 2024	As at June 30, 2024
Plant and machinery	410,000,000	-	410,000,000	5	76,052,437	16,697,378	92,749,815	317,250,185
Factory equipment	129,250	-	129,250	10	113,937	1,531	115,468	13,782
Office & electric equipment	10,869,612	-	10,869,612	10	8,652,901	221,671	8,874,572	1,995,040
Furniture and fixture	3,533,809	-	3,533,809	10	3,023,391	51,042	3,074,433	459,376
June 30, 2024	424,532,671	-	424,532,671		87,842,666	16,971,622	104,814,288	319,718,383

PARTICULARS	2023							
	COST				DEPRECIATION			WDV
	As at July 01, 2022	Additions-(Disposal)	As at June 30, 2023	Rate %	As at July 01, 2022	For the Period	As at June 30, 2023	As at June 30, 2023
Plant and machinery	410,000,000	-	410,000,000	5	58,476,250	17,576,187	76,052,437	333,947,563
Factory equipment	129,250	-	129,250	10	112,236	1,701	113,937	15,313
Office & electric equipment	10,869,612	-	10,869,612	10	8,406,600	246,301	8,652,901	2,216,711
Furniture and fixture	3,533,809	-	3,533,809	10	2,966,678	56,713	3,023,391	510,418
June 30, 2023	424,532,671	-	424,532,671		69,961,764	17,880,903	87,842,667	336,690,005

5.2 Depreciation charge for the year on operating fixed assets and assets subject to finance lease has been allocated as follows:

		June 30, 2024	June 30, 2023
Administrative expenses		Rupees	
Operating Fixed Assets	5.1	16,971,622	17,880,903
Right of use assets	6	2,341,129	2,464,346
		19,312,751	20,345,249

5.3 The Company had revalued its Plant and Machinery. Revaluation of the assets was carried out by the independent valuers "M/S Impulse (Pvt.) Ltd. On June 28, 2019. The forced sale value of plant & machinery as per the valuation report was Rs. 307.50 million.

5.4 No operating fixed assets disposed off during the year.

5.5 Particulars of Immovable fixed Assets of the Company are as follows:

Location	Area of Land	Covered area of Building
Chak No. 60-61/R.B, 38 KM Sheikhupura road Tehsil, Jarranwala, District, Faisalabad	154.3 Kanals	250,349 Square foot

5.6 Had there been no revaluation, the carrying amount of the specific class of assets would have been as follows:

	June 30, 2024	June 30, 2023
	Rupees	
Plant and machinery	297,494,966	313,152,595
	297,494,966	313,152,595

6 Right of Use assets

PARTICULARS	2024							
	COST				DEPRECIATION			WDV
	As at July 01, 2023	Additions	As at June 30, 2024	Rate %	As at July 01, 2023	For the Period	As at June 30, 2024	As at June 30, 2024
Plant and machinery	92,365,822	-	92,365,822	5	45,543,249	2,341,129	47,884,378	44,481,444
June 30, 2024	92,365,822	-	92,365,822		45,543,249	2,341,129	47,884,378	44,481,444

PARTICULARS	2023							
	COST				DEPRECIATION			WDV
	As at July 01, 2022	Additions	As at June 30, 2023	Rate %	As at July 01, 2022	For the Period	As at June 30, 2023	As at June 30, 2023
Plant and machinery	92,365,822	-	92,365,822	5	43,078,903	2,464,346	45,543,249	46,822,573
June 30, 2023	92,365,822	-	92,365,822		43,078,903	2,464,346	45,543,249	46,822,573

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
7	**INVESTMENT PROPERTY**			
	Opening net book value		572,997,757	572,997,757
	Fair Value Gain	30	-	-
	Closing net book value		572,997,757	572,997,757

7.1 Investment property represents the fair value of land and building leased out by the company to MKB Spinning Mills Limited since April 01, 2017. The fair value of investment property is determined by the M/s Akram Enterprises independent valuer as at July 11, 2022 having relevant professional experience. The fair market value was determined from market based evidence in accordance with the market value of similar land and building existing in near vicinity.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

7.2 **Forced Sale Value**

The forced sale value of Land and Building is 249.240 and 237.807 million respectively.

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
8	**LONG TERM DEPOSITS**			
	Utilities		1,156,180	1,156,180
			1,156,180	1,156,180
9	**STOCK IN TRADE**			
	Raw Material		57,528,875	57,528,875
	Waste		343,872	343,872
			57,872,747	57,872,747

9.1 It includes carrying value of pledged stock amounting to Rs. 57.872 million (June 30, 2023: Rs. 57.872 million)

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
10	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Bank Guarantee Margin		2,925,765	2,925,765
			2,925,765	2,925,765
11	**OTHER RECEIVABLES**			
	Mkb Spinning Mills Ltd, Fsd -Unsecured considered good		5,400,000	5,400,000
	Mkb Spinning Mills Ltd, Fsd -Secured considered good		7,100,000	7,100,000
	Other receivables - considered doubtful	11.2	9,902,975	9,902,975
			22,402,975	22,402,975
	Less: Provision for doubtful rent receivable / expected credit losses	11.1	(5,400,000)	(5,400,000)
			17,002,975	17,002,975
11.1	**Provision for doubtful rent receivable / expected credit losses**			
	Balance as at July 01		5,400,000	375,000
	Provision charged during the year		-	5,025,000
	Provision reversed during the year		-	-
	Balances written off during the year		-	-
	Balance as at June 30		5,400,000	5,400,000

11.2 This represents late payment surcharge and tariff adjustment claimed by Sui Northern Gas Pipelines Limited (SNGPL) against the orders of the Honorable Lahore High Court, Lahore while encashing bank guarantee by Silk Bank Limited. The Company has field suit against the SNGPL for recovery of this amount which is pending adjudication. This case is fully disclosed in Note 24.7.

		June 30, 2024 Rupees	June 30, 2023 Rupees
12	**TAX REFUNDS DUE FROM GOVERNMENT**		
	Advance Income Tax	3,515,444	3,515,444
		3,515,444	3,515,444
13	**CASH AND BANK BALANCES**		
	Cash in hand	21,604	21,604
	Cash at banks - Current accounts	418,926	418,926
		440,530	440,530

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
14	**AUTHORIZED SHARE CAPITAL**			
	15,000,000 (June 30, 2023: 15,000,000) Ordinary shares of Rs. 10 each		150,000,000	150,000,000
	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
	14,100,000 (June 30, 2023: 14,100,000) Ordinary shares of Rs. 10 each Paid in cash	14.1	141,000,000	141,000,000
			141,000,000	141,000,000

14.1 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction. There is no movement in share capital during the year.

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
15	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**			
	Opening balance		480,532,200	485,423,040
15.1	**Less: Transferred to unappropriated profit**			
	Incremental depreciation for the period		3,349,223	3,472,496
	Related deferred tax liability		1,367,992	1,418,344
			4,717,215	4,890,840
			475,814,985	480,532,200
15.2	**Less: Related deferred tax liabilities on**			
	Opening balance		76,480,764	77,899,108
	Incremental depreciation for the year		(1,367,992)	(1,418,344)
			75,112,772	76,480,764
			400,702,213	404,051,436
16	**LONG TERM FINANCING FROM BANKING COMPANIES - SECURED**			
	Demand Finance - Under mark up arrangements			
	Demand finance - Settled amount	16.1	123,137,000	123,137,000
	Demand finance - II	16.2	3,697,000	3,697,000
	Demand finance - III	16.3	6,977,063	6,977,063
	Demand finance - IV	16.4	174,170,823	174,170,823
	Demand finance - IV (unserviceable)	16.5	62,820,000	62,820,000
	Demand finance - VIII	16.6	19,938,937	19,938,937
	Forced demand finance	16.7	10,936,850	10,936,850
	Frozen mark up			
	Demand finance - II	16.8	252,000	252,000
	Demand finance - III	16.9	140,091	140,091
	Demand finance - IV	16.10	89,609,132	89,609,132
	Demand finance - VIII	16.11	1,466,485	1,466,485
			493,145,381	493,145,381
	Less : Current portion of long term loan Due to decree by the banking companies		(493,145,381)	(493,145,381)
			-	-
16.1	**Demand finance - Settled amount**			
	Gross amount payable	16.1.1	123,137,000	123,137,000
	Present value adjustment - deferred notional income	16.1.2	-	-
	Present value of settled amount		123,137,000	123,137,000

16.1.1 During the year ended June 30, 2013 the Company had rescheduled its Demand Finance - I amounted to Rs. 90.075 million, Term finance-I amounted to Rs. 18.639 million, Term finance III amounted to Rs. 7.336 million, Term finance IV amounted Rs. 40.00 million, Frozen mark-up on demand finance-I amounted 0.157 million and running finance amounted to Rs. 9.90 million in one demand finance facility aggregating to Rs.166.197 million with NIB Bank limited (now MCB Bank limited). As per the terms of revised agreement, the rescheduled loan is repayable in 106 monthly instalments, commenced from June 12, 2013 and expired on March 31, 2022. The restructured loan is secured against existing securities of the respective loan i.e. against joint pari passu charge over land, building and machinery for Rs. 462.67 million(NIB bank's share in charge is Rs. 206.67 million), specific / exclusive charge of Rs. 124.246 million on machinery and 3 gas generators, second charge of Rs. 100 million over stocks and receivable and personal guarantee of the sponsoring directors of the company. The amount is settled as a result of consent decree passed by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250.011 million the basis of rescheduling agreement. Rescheduling agreement states that non payment of any three consecutive instalments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of mark-up under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decreetal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decreetal amount less any payment made against by the principal borrower and the guarantor.

16.1.2 This represent the difference between amortized cost and face value of interest free loan (rescheduled during the year ended on June 30, 2013) from NIB Bank Limited. mortized cost has been determined using effective interest rate of 10.00% per annum being the rate prevailing in the market. Movement of the present value adjustments is as follows. This represent the difference between amortized cost and face value of interest free loan (rescheduled during the year ended on June 30, 2013 as explained in note 16.1.1 above) from NIB Bank Limited. Amortized cost has been determined using effective interest rate of 10.00% per annum being the rate prevailing in the market. Movement of the present value adjustments is as follows:

	June 30, 2024 Rupees	June 30, 2023 Rupees
Present value adjustments		
Opening balance	-	-
Amortized during the period	-	-
	-	-

16.2 The loan was obtained to finance fixed assets of the company. The loan is subject to mark up at the rate of 10 percent per annum payable quarterly (June 30, 2023: 10 percent per annum payable quarterly). The loan was repayable in thirty two quarterly instalments, commencing from March 31, 2010 which expired on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33.515 million over the textile machinery, first registered pari passu charge for Rs. 66.00 million over all present and future fixed assets (including land, building and machinery) of the company.

16.3 The loan was obtained to adjust the existing RF facility of the company. The loan is subject to mark up at the rate of 10 percent per annum (June 30, 2023: 10 percent per annum) payable quarterly . The loan was repayable in thirty two quarterly installments, commencing from March 31, 2010 which expired on December 31, 2017. The loan is secured against first registered specific charge for Rs. 33.515 million over the textile machinery, first registered pari passu charge for Rs. 66.00 million over all present and future fixed assets (including land, building and machinery) of the company.

16.4 The loan was rescheduled and merged in one Demand finance, previously disclosed as DF-IV amounted to Rs.25 million, DF-V amounted to Rs. 70 million, DF-VI amounted to Rs.17 million DF-VII amounted to Rs. 65.208 million and lease finance facility amounted Rs.6.925 million. The loan is subject to mark-up at the rate of 3 months average KIBOR of quarter (June 30, 2023: 3 months average KIBOR). The loan was repayable in 30 instalments payable quarterly commencing from September 30, 2009 which expired on December 31, 2017. The loan is secured against registered joint pari passu charge of Rs.190 million on the present and future fixed assets (including land, building, plant and machinery) of the company valuing Rs. 472 million (already registered with SECP), additional second charge on a plot amounting to Rs. 40 million (currently mortgaged with Meezan Bank Limited), ranking charge on fixed assets of the company of RS. 29.933 million, ranking charge on fixed assets (including land, building and machinery) of the company of Rs. 54.660, exclusive hypothecation charge over plant and machinery amounting to Rs. 50.350 million, floating charge over plant and machinery amounting to Rs. 23.140. Exclusive hypothecation over plant and machinery amounting to Rs. 2.188 and personal guarantees of sponsoring director.

16.5 Overdue markup was converted into demand finance facility amounting to Rs. 65.825 million. The facility was repayable in 34 quarterly installments starting from September 30, 2009 which ended on December 31, 2017. The loan is secured against ranking charge on fixed assets of the company to cover markup for Rs. 65.825 million.

16.6 The loan was obtained to finance imported polyester subsequently restructured as demand finance. The loan was repayable in 32 quarterly installments commencing from March 31, 2010 which expired on December 31, 2017. The loan is secured against registered specific charge for Rs.33.515 million, registered pari passu charge of Rs.66 million on all present and future fixed assets of the company and accepted drafts and TRs.

16.7 This represents the forced loan created by Silk Bank on encashment of bank guarantee by Sui Northern Gas Pipe Lines Limited.

16.8 Deferred mark up on demand finance II for Rs. 0.252 million (June 30, 2023: Rs. 0.252 million) frozen and converted into long term financing. Frozen markup was payable in 28 equal quarterly installments of Rs. 0.019 million and 5 installments Rs. 0.020 million commencing from December 2009.

16.9 Deferred mark up on demand finance III as disclosed above of Rs. 0.140 million (June 30, 2023: for Rs. 0.140 million) froze and converted in to long term financing. Frozen markup was payable in 33 equal quarterly installments of Rs. 0.011 million commencing from December 2009.

16.10 Deferred mark up on demand finance IV of Rs. 89.609 million (June 30, 2023: Rs. 89.609 million) freezed and converted in to long term financing. Frozen markup was due to be paid in lump sum on December 31, 2017.

16.11 Deferred mark up on demand finance VIII as disclosed above for Rs. 1.466 million (June 30, 2023: Rs. 1.466 million) froze and converted into long term financing. Frozen markup was payable in 33 quarterly installments of Rs. 0.114 million commencing from December 2009.

16.12 The long term financing from Banking companies have been shown under the current liabilities in view of suits for recovery and execution applications filed by the banking companies under the Honorable Lahore High Court.

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
17	**LONG TERM FINANCING FROM DIRECTORS AND ASSOCIATES - UNSECURED**			
	Interest free loan	17.1	128,927,488	128,172,951
	Present value adjustment	17.2	-	-
	Loan transferred to current liabilities	22	(128,927,488)	(128,172,951)
			-	-

17.1 The directors of the Company have provided interest free loan to the Company that were utilised to meet working Capital Requirements. As at June 30, 2015, the management of the Company entered into an agreement with directors and associates and decided repayment terms of the interest free and unsecured loan (previously repayment terms of the loan were not determinable). The payment of loan was rescheduled on June 30,2021 and according to the agreement, loan from directors and associates will be paid on July 31, 2024. These loan have been recognized at amortized cost using effective discount rate of 10 percent. The resulting difference has been charged to profit or loss account and will be amortized over the remaining life of loan. During the year ended June 30,2022, the agreement was revised and the loan is payable on demand of directors and associates. This loan is accounted for in accordance with the Technical Release-32 issued by ICAP.

17.2 This represent the difference between amortized cost and face value of interest free loan. Amortized cost has been determined using effective interest rate of 10 % per annum being the weighted average rate of return prevailing in the market. Movement of the deferred notional income is as follows:

		June 30, 2024 Rupees	June 30, 2023 Rupees
	Movement in present value		
	Opening balance	-	-
	Amortized during the period/ Loan acceration	-	-
		-	-
18	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**		
	Overdue installments	155,582,331	155,582,331
	Upto one year	-	-
	Minimum lease payments	155,582,331	155,582,331
	Less: Finance charges for future years	(47,276,000)	(47,276,000)
	Present value of minimum lease payments	108,306,331	108,306,331
	Less: current maturity of lease liability	(108,306,331)	(108,306,331)
		-	-

18.1 The lease was obtained under sale and lease back transaction of plant and machinery from Bank of Punjab. The total lease rentals due under the lease agreements were payable in 33 quarterly installments commencing from December 31, 2009. The present value of minimum lease payments has been discounted at interest rate implicit in the lease, which equates to an interest rate of 3 months average KIBOR of the last day of quarter. The cost of repairs and insurance are borne by the lessee. The liability is secured by a lease agreement lien on leased assets, trust receipts to be executed in bank's favor and 33 post dated cheques for complete adjustment of principal.

18.2 Amount of lease liability includes an amount of Rs. 22.645 million (June 30, 2023: Rs. 22.645 million) deferred markup transferred to memo account. The deferred markup was payable in 16 quarterly installments starting from March 31, 2014 which ended on December 31, 2017. The breakup of the present value of minimum lease payment is given below.

	Note	June 30, 2024 Rupees	June 30, 2023 Rupees
Break up of minimum lease payments			
Lease liability		85,661,821	85,661,821
Deferred mark up		22,644,510	22,644,510
		108,306,331	108,306,331

18.3 Current maturity of the lease liability			
Over due installments		108,306,331	108,306,331
Payable within one year		-	-
		108,306,331	108,306,331
19 DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	19.1	7,561,010	7,561,010
Deferred taxation	19.2	-	-
		7,561,010	7,561,010

19.1 The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the company at varying percentages of last drawn salary. The percentage depends on the number of service years with the company. Annual provision is based on actuarial valuation, which was carried out as on June 30, 2019.

There was only four employee entitled for gratuity, therefore the management believed that it is unreasonable to conduct actuarial valuation as required by IAS 19 "(Revised) Employee Benefits". Provision is made on the basis of last drawn salary of the employees in employment.

19.2 Deferred Taxation

	June 30, 2024 Rupees	June 30, 2023 Rupees
Deferred tax assets on deductible temporary differences		
Provision for gratuity	(2,192,693)	(2,192,693)
Tax losses-Previous Period	(81,593,037)	(82,601,855)
Provision for doubtful debts	(1,566,000)	(1,921,250)
Leased Liability	(31,408,836)	(31,408,836)
Deferred tax liability on taxable temporary differences		
Property, Plant and Equipment	78,154,657	83,076,427
Right of use asset	12,899,619	13,578,546
	(25,706,290)	(21,469,661)
Tax rate used	29%	29%

During the year net deferred tax asset amounting to Rs. 21.470 million (2023: Rs.7.985 million) has not been recognized because it is not probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

	Note	June 30, 2024 Rupees	June 30, 2023 Rupees
20 TRADE AND OTHER PAYABLES			
Trade creditors		18,735,348	18,735,348
Accrued liabilities		26,820,688	26,707,688
		45,556,036	45,443,036
21 ACCRUED INTEREST/MARK UP PAYABLE - SECURED FINANCES			
Long term financing from banking companies		43,782,571	43,782,571
Liabilities against assets subject to finance lease		26,650,427	26,650,427
Short term borrowings		27,087,037	27,087,037
		97,520,035	97,520,035

21.1 It includes overdue markup of Rupees 43.78 million (June 30, 2023: Rupees 43.78 million) Rupees 26.65 million (June 30, 2023: Rupees 26.65 million) and Rupees 27.08 million (June 30, 2023: Rupees 27.08 million) on long term financing from banking companies, liabilities against assets subject to finance lease and on short term borrowings from banking companies respectively.

22 LOAN FROM DIRECTORS AND ASSOCIATES - UNSECURED

	Note	June 30, 2024 Rupees	June 30, 2023 Rupees
Mian Naeem Omer		93,427,488	92,672,951
Mian Muhammad Saleem Omer		11,000,000	11,000,000
Mrs. Surrya Begum		1,500,000	1,500,000
Mrs. Farrah Naeem		23,000,000	23,000,000
		128,927,488	128,172,951

22.1 During the year ended June 30, 2022, the agreement was revised and the loan is payable on demand of directors and associates. Detail of loan initially provided is fully disclosed in note 17.1 of these financial statements.

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
23	SHORT TERM BORROWINGS - SECURED			
	Cash finance from banking companies	23.1	136,365,534	136,365,534
			136,365,534	136,365,534

23.1 The aggregate of credit limits available for short term borrowings from banking companies were Rs. 275 million. These above facilities have expired on various dates by June 30, 2015.

23.2 These are secured against pledge of cotton bales at 10 percent margin, imported cotton at invoice value, polyester/yarn at 15 percent margin under lock and key of banks' approved macadam, join pari passu charge over land, building and machinery, exclusive charge on machinery, securities and personal guarantees of sponsoring directors.

These are subject to mark up ranging between 3 months KIBOR plus 3 percent (June 30, 2021: 3 months KIBOR plus 3 percent).

24 CONTINGENCIES AND COMMITMENTS

24.1 The Honorable Lahore High Court, while disposing the suit C.O.S No. 55/2012 passed a decree of Rupees 419.608 million together with the cost and the cost of funds in favour of the Bank of Punjab. The company has filed a regular first appeal no. 1017/2016 on August 09, 2016 before the Honorable Lahore High Court, Lahore. The outcome of the case is not ascertainable as at June 30, 2023. The legal counsel is hopeful that the outcome of the case will be decided in favour of the company.

24.2 The Bank of Punjab has filed execution petition no 82/2016 dated September 19, 2016 with the Honorable Lahore High Court, Lahore for execution of decree dated January 28, 2016 of Rs. 419.608 million together with the cost and the cost of fund in the favor of Bank of Punjab which is pending adjudication till the financial statements date.

24.3 The NIB Bank Limited (now MCB) has filed suit C.O.S No. 85/2009 before Honorable Lahore High court, Lahore against the company for recovery of Rupees. 297.403 million as outstanding dues against the banking facilities provided by the bank. Consent decree was passed on September 16, 2013 by the court in favor of the bank and against the principal borrower and the guarantor for Rs. 250.011 million on the basis of resettlement agreement dated September 04, 2013. Resettlement agreement states that non payment of any three consecutive installments towards adjustment of the settled amount as required in terms of the rescheduled agreement shall be considered as a failure to satisfy the decree. In event of default, the bank shall be entitled to cancel / revoke any of the arrangement including waiver of markup under the rescheduling agreement and the principal borrower and the guarantor shall become immediately liable to pay to the bank forthwith the entire decreetal amount less any payments made there under and the bank disregarding any arrangement shall immediately forthwith be entitled to continue execution of proceedings for recovery of decreetal amount less any payment made against by the principal borrower and the guarantor, however, consent decree have been implemented. As required in resettlement agreements company had applied to the court to withdrawal of its suit C.O.S No. 99/2009 filed against the bank and the case is disposed off by the Honorable judge of the Lahore High Court, Lahore.

24.4 The Silk Bank Limited has filed a suit C.O.S 67/2016 before Honorable Lahore High Court, Lahore against Company for recovery of Rupees 80.89 million as outstanding dues against the banking facilities provided by the bank. The case was shifted to the Banking Court by the Lahore High Court.This suit was decreed on 08.02.2021. Against said Decree, the Company has filed an appeal vide RFA No. 10508/2021 before the Division Bench of Lahore High Court Lahore which is still pending adjudication. The Company has also filed a suit against the bank before the Banking Court Lahore claiming recovery of Rs.89.156 million. The outcome of the case is not ascertainable as at June 30, 2023. However, legal counsel is hopeful that the outcome of the case will be decided in favor of the Company.

24.5 The Company has filed a writ petition before the Honorable Lahore High Court, Lahore against the illegal levy of license/permit fee to the tune of Rs. 200,000 by the District Govt. Faisalabad. Legal counsel of the company is of the view that this similar of petitions had already been decided by the Honorable Lahore High Court, Lahore in favour of petitioner. legal council is hopeful that the outcome of the case will be decided in favour of the company.

24.6 The Company has filed a suit against The Bank of Punjab before the Lahore High Court vide COS No.74/2012 for the recovery of losses amounting to Rs. 475.665 million accrued to the company with the breaches of contractual obligations by The Bank of Punjab. The outcome of the case is not ascertainable as at June 30, 2023. However company is hopeful that the outcome of the case will be decided in the favour of the Company.

24.7 The suit was filed by Silk Bank Limited , against Bilal Fibres Ltd., and others before the Banking Court Lahore, wherein the Bank claimed recovery of Rs. 10.166 million on the basis of an alleged guarantee. This suit was decreed on 08.02.2021. Against said Decree, the Company has filed an appeal vide RFA No. 19512/2021 before the Division Bench of Lahore High Court Lahore which is still pending adjudication. This case is being vigorously and diligently contested by the company. The Bank has also filed Execution petition, which is also pending adjudication. The final outcome of this case shall be subjected to decision of Appeal.

BILAL FIBRES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

			June 30, 2024 Rupees	June 30, 2023 Rupees
24.8	Claims not acknowledged in view of pending appeals before appellate authorities / high court		100,000	100,000
24.9	Indemnity bonds issued against exemption of sales tax and custom duty on import of machinery and local procurement of raw material		17,537,477	17,537,477
24.10	Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas		6,000,000	6,000,000
24.11	Bank guarantee issued in favor of Collector of custom Karachi		2,675,000	2,675,000
24.12	**Commitments outstanding**		-	-

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
25	SALES			
	Sales		-	-
			-	-
26	COST OF SALES			
	Cost of goods manufactured	26.1	-	-
	Finished Goods:			
	Opening stock		343,872	343,872
	Closing stock		(343,872)	(343,872)
			-	-
	Cost of goods sold		-	-
26.1	**Cost of goods manufactured**			
	Raw material consumed	26.1.1	-	-
			-	-
	Work in process:			
	Opening stock		-	-
	Closing stock		-	-
			-	-
			-	-
26.1.1	**Raw material consumed**			
	Opening stock		57,528,875	57,528,875
	Closing stock		(57,528,875)	(57,528,875)
			-	-

26.1.2 It represents the stock pledged and under custody of the bank and the cases are under litigation in the court of law.

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
27	DISTRIBUTION COST			
	Selling and distribution expenses		-	-
			-	-
28	ADMINISTRATIVE EXPENSES			
	Directors' remuneration		-	1,800,000
	Staff salaries and benefits		475,130	1,833,380
	Staff retirement benefits		-	-
	Printing & Stationery		28,000	-
	Fee and subscriptions		24,406	122,000
	Auditors' remuneration	28.1	340,000	340,000
	Depreciation	5.2	19,312,752	20,345,249
			20,180,288	24,440,629

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
28.1	**Auditor's Remuneration**			
	Annual audit fee		300,000	300,000
	Half yearly review		40,000	40,000
			340,000	340,000

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
29	**OTHER OPERATING EXPENSES**			
	Sales tax written off	29.1	-	-
			-	-

29.1 During the year the management has assessed that sales tax authorities will not refund extra sales tax booked in financial statements.

		Note	June 30, 2024 Rupees	June 30, 2023 Rupees
30	**OTHER INCOME**			
	Rental income		-	6,000,000
	Fair Value Gain	7	-	-
	Notional income on director's interest free loans		-	-
			-	6,000,000
31	**FINANCE COST**			
	Notional charges on interest free loans		-	-
	Provision for doubtful rent receivable		-	5,025,000
	Bank charges and commission		-	841
			-	5,025,841
32	Levies			
	Levies-Minimum Tax		-	-
			-	-
33	**TAXATION EXPENSES**			
	Current tax			
	Current year		-	-
	Prior year		-	-
	Deferred tax			
	Current year		-	-
			-	-

33.1 **Relationship between tax expense and accounting profit**
The relationship between tax expense and accounting profit has not been presented in these financial statements as the company has no tax expense on account of taxable loss and NIL revenue.

			June 30, 2024 Rupees	June 30, 2023 Rupees
34	**Earning / (loss) per share - basic and diluted**			
	Profit / (loss) for the year	Rupees	(20,180,288)	(23,466,470)
	Weighted average number of ordinary shares	Number	14,100,000	14,100,000
	Earnings / (loss) per share - basic	Rupees	(1.43)	(1.66)

There is no dilutive effect on basic loss per share of the company.

	Note	June 30, 2024 Rupees	June 30, 2023 Rupees
35 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial Assets as per Financial Statements			
Maturity upto one year:			
Trade deposits and short term prepayments		2,925,765	2,925,765
Other receivables		17,002,975	17,002,975
Cash and bank balances		440,530	440,530
Maturity after one year:			
Long term deposits		1,156,180	1,156,180
		21,525,450	**21,525,450**
Financial Liabilities as per Financial Statements			
Maturity upto one year:			
Trade and other payables		45,556,036	45,443,036
Unclaimed dividend		235,776	235,776
Accrued interest / mark up		97,520,035	97,520,035
Short term borrowings		136,365,534	136,365,534
Current portion of Long term financing from banking companies		493,145,381	493,145,381
Liabilities against assets subject to finance lease		108,306,331	108,306,331
Loan from directors and associates		128,927,488	128,172,951
Maturity after one year:			
Long term financing from directors and associates		-	-
		1,010,056,581	**1,009,189,044**

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

36.1 Credit risk
36.2 Liquidity risk
36.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

36.1 Credit risk

Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 21.525 million (June 30, 2023: Rs. 21.525 million), financial assets which are subject to credit risk aggregate to Rs. 21.085 million (June 30, 2023: Rs 21.085 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	June 30, 2024 Rupees	June 30, 2023 Rupees
Long term deposits	1,156,180	1,156,180
Trade deposits and short term prepayments	2,925,765	2,925,765
Other receivables	17,002,975	17,002,975
Cash and bank balances	440,530	440,530
	21,525,450	**21,525,450**

36.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

Financial liabilities

	2024					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Long term financing	493,145,381	493,145,381	-	493,145,381	-	-
Loan from directors and associates	128,927,488	128,927,488	128,927,488	-	-	-
Finance lease	108,306,331	108,306,331	-	108,306,331	-	-
Trade and other payables	45,556,036	45,556,036	45,556,036	-	-	-
Unclaimed dividends	235,776	235,776	235,776	-	-	-
Accrued markup / interest	97,520,035	97,520,035	-	97,520,035	-	-
Short term borrowings	136,365,534	136,365,534	136,365,534	-	-	-
	1,010,056,581	**1,010,056,581**	**311,084,834**	**698,971,747**	**-**	**-**

	2023					
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
Long term financing	493,145,381	493,145,381	-	493,145,381	-	-
Long term loans from directors and associates	128,172,951	128,172,951	128,172,951	-	-	-
Finance Lease	108,306,331	108,306,331	-	108,306,331	-	-
Trade and other payables	45,443,036	45,443,036	45,443,036	-	-	-
Unclaimed dividends	235,776	235,776	235,776	-	-	-
Accrued markup / interest	97,520,035	97,520,035	-	97,520,035	-	-
Short term borrowings	136,365,534	136,365,534	136,365,534	-	-	-
	1,009,189,043	**1,009,189,043**	**310,217,297**	**698,971,747**	**-**	**-**

36.2.1 The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark up rates effective as at June 30. The rates of mark up have been disclosed in relevant notes to these financial statements.

36.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

36.3.1 Currency risk

Exposure to currency risk

The Company is not exposed to any currency risk as at the balance sheet date (2023: Nil). therefore no sensitivity analysis is required

36.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from long term financing form banking companies, liabilities against assets subject to finance lease, short term borrowings and deposits in accounts with banks. At the balance sheet date the company is in litigation with the banking companies and has not providing the mark up on all borrowings. Therefore, risk if any can not be accurately determined at the balance sheet date the interest rate profile of the company's interest bearing financial instrument is as follow:

	June 30, 2024 Rupees	June 30, 2023 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	32,471,576	32,471,576
Variable rate instruments		
Financial assets	-	-
Financial liabilities	705,345,670	705,345,670

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rate at the reporting date would have increased/ (decreased) profit or loss by amounts shown below. This analysis assumes that all other variables, in a particular foreign currency rate (if any), remains constant. The analysis is performed on the same basis as for the previous year:-

36.3.3 Other Price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to commodity price risk as it does not hold financial instruments based commodity prices.

36.4 Fair value of financial assets and liabilities

The carrying value of all financial instruments reflected in the financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The following table shows the carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

	Carrying Amount 2024			Carrying Amount 2023		
	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income
			---Rupees---			
Financial assets						
Long term deposits	1,156,180	-	-	1,156,180	-	-
Trade deposits and short term prepayments	2,925,765	-	-	2,925,765	-	-
Other receivables	17,002,975	-	-	17,002,975	-	-
Cash and bank balances	440,530	-	-	440,530	-	-
	21,525,450	-	-	**21,525,450**	-	-

	Carrying Amount 2024			Carrying Amount 2023		
	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income	At amortized cost	Fair value through profit or loss	Fair value through other comprehensive income
Financial Liabilities	---Rupees---					
Long term financing	493,145,381	-	-	493,145,381	-	-
Long term loans from directors & associates	-	-	-	-	-	-
Liabilities against assets subject to finance lease	108,306,331	-	-	108,306,331	-	-
Trade and other payables	45,556,036	-	-	45,443,036	-	-
Unclaimed dividends	235,776	-	-	235,776	-	-
Accrued markup / interest	97,520,035	-	-	97,520,035	-	-
Loan from directors and associates	128,927,488	-	-	128,172,951	-	-
Short term borrowings	136,365,534	-	-	136,365,534	-	-
	1,010,056,581	**-**	**-**	**1,009,189,044**	**-**	**-**

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyzes financial assets that are measured at fair value, by valuation method. The different levels have been defined as follows

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs; and
- Level 3 : Unobservable inputs.

The Company held the following financial assets at fair value:

	Level 1	Level 2	Level 2	Total
	---Rupees---			
June 30, 2024				
At fair value through profit or loss				
	-	-	-	-
	-	-	-	-
June 30, 2023				
At fair value through profit or loss				
	-	-	-	-
	-	-	-	-

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

36.5 Off balance sheet items

	June 30, 2024 Rupees	June 30, 2023 Rupees
Claims not acknowledged in view of pending appeals before appellate authorities / High Court	100,000	100,000
Indemnity bonds issued against exemption of sales tax and custom duty on import of machinery and local procurement of raw material	17,537,477	17,537,477
Bank guarantee issued in favor of Sui Northern Gas Pipelines Limited for supply of gas	6,000,000	6,000,000
Bank guarantee issued in favor of the directors excise and taxation, Karachi	2,675,000	2,675,000

36.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

37 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing from banking companies, long term financing from directors and associates, liability against asset subject to finance lease and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		June 30, 2024 Rupees	June 30, 2023 Rupees
Borrowings	Rupees	866,744,734	865,990,197
Total equity	Rupees	3,312,420	23,492,708
Total capital employed	Rupees	870,057,154	889,482,905
Gearing ratio	Percentage	99.62	97.36

38 PLANT CAPACITY AND PRODUCTION

	2024	2023
Total number of spindles installed	29,016	29,016
Total number of spindles worked	-	-
Number of shifts per day	-	-
Installed capacity converted into 20/1 count (Kgs.)	11,889,912	11,889,912
Actual production converted into 20/1 count (Kgs.)	-	-

The company closed it business operation since June 16,2016. Therefore no production during the year.

39 RELATED PARTY TRANSACTIONS

39.1 Transactions with related parties

		June 30, 2024 Rupees	June 30, 2023 Rupees
Mian Naeem Omer	Loan Receipts	754,537	100,000
	Loan Payment	-	50,000

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BILAL FIBRES LIMITED
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The company has related party relationship with its associated undertakings, its directors and executives officers. Transactions with related parties essentially entail sale and purchase of goods and / or services or Loans from the aforementioned concerns. All transactions are carried out on commercial basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel.

39.2 Following are the related parties with whom the company had entered into transactions or have arrangements / agreements in place:

Sr. no.	Party Name	Basis of Relationship	Aggregate % of Share holding in the company
1.	Mian Naeem Omer	CEO	16.63%
2.	Mian Hasham Omer	Associate	N/A
3.	Mrs. Farah Naeem	Associate	N/A
4.	Mian Muhammad Saleem Omer	Associate	N/A
5.	Mrs. Surrya Begum	Associate	N/A

40 REMUNERATION TO CHIEF EXECUTIVE , DIRECTORS AND EXECUTIVES

There is no executive in the company during the year (2023: Nil). There is only one chief executive and salaries and benefits amounting to Rs. Nil (2023: Rs. 1,800,000) are provided during the year. No salaries and benefits have been provided to the directors during the year.

41 CORRESPONDING FIGURES

Figures have been rearranged / reclassified in compliance with the accounting and reporting standards applicable in Pakistan wherever necessary to reflect more appropriate presentation for the purpose of comparison.

42 UN-CLAIMED DIVIDEND

This relates to un claimed dividend, pertaining to various Past years and are still Un-claimed. This amount is being transferred to Profit bearing account and profit will be utilized for Corporate Social responsibility and other Specific Purposes.

43 NUMBER OF EMPLOYEES

	2024	2023
Number of employees worked as at June 30	-	1
Average number of employees worked during the year	1	2

44 EVENTS AFTER THE BALANCE SHEET DATE

There are no subsequent events occurring after the balance sheet date.

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on ____________________ by the board of directors of the company.

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR